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Men's declining labor force participation

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In "Why are prime-age men vanishing from the labor force?" (*Economic Review,* Federal Reserve Bank of Kansas City, first quarter 2018), author Didem Tüzemen looks at the decline in the labor force participation rate of "prime-age men" (men who are ages 25 to 54, which is generally considered to be "prime working age," a period when people's employment and earnings potential may be at its maximum).

The labor force participation rate is the proportion of the adult population that is in the labor force, either working or looking for work. The participation rate for men has declined substantially since the 1960s and the decline has accelerated in recent years. The economic consequences of men's nonparticipation in the labor force may be significant in coming decades. Thus the increasing level of nonparticipation is of interest to economists and policymakers.

The increase in men's nonparticipation varies depending on their age, education attainment, and job skill level. Tüzemen's article uses data from the Current Population Survey to analyze changes in the nonparticipation among men with these different characteristics.

During the 1996–2016 period, the nonparticipation rate increased the most for younger men of prime working age, those age 25 to 34. In terms of education, the largest increase in nonparticipation was seen among men with the middle levels of educational attainment—those with either (1) a high school diploma but no college, (2) some college, or (3) an associate's degree. Historically, men with less education have had higher nonparticipation rates than more educated men. Over the last two decades, the increase in nonparticipation was less pronounced among men at the extremes of the educational attainment spectrum, those with less than a high school education and those with a bachelor's degree or more education.

One possible explanation for the larger increase in the nonparticipation rate among men in the middle educational categories is that "job polarization" has decreased the demand for middle-skill workers while increasing the demand for both lower skilled and higher skilled workers. What both the low-skilled jobs (such as food preparation, cleaning, and security and protective services) and the high-skilled jobs (such as managerial, professional, and technical work) have in common is that they are not easily amenable to automation and computerization. In addition, demand for many of the middle-skilled jobs (for example, jobs in manufacturing) has been decreased by technological changes that make workers more productive and by increased offshoring and globalization. Tüzemen maintains that this reduction in the demand for middle-skill workers accounts for most of the decline in labor force participation among prime-age men. Sadly, the lack of employment may be the start of a vicious cycle of inactivity, depression, and other health problems that, in turn, become additional obstacles to gainful employment.